

Marketing place and space assignment

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Place and Space Abstract At its most basic, “ space” marketing simply offers your customers more than one channel to purchase your goods or services – through a retail establishment, a Web site and a catalog, for example. But harnessed properly, multichannel marketing does much more. It provides a business with more opportunities to interact with customers and potential customers. And those interactions can generate a closer relationship and more business with customers, as the messages in each channel reinforce the other channels. In fact, customers of multichannel companies spend 30% more than customers of one-channel companies.

This essay reviews “ space” and “ place” marketing and how customers can move from one to another. Examples are further given of organizations who have managed to create transparency between the two. **Introduction** Market space can be defined as a second, parallel world where buyers and sellers may never meet and the goods and services may be delivered in a different way than in a traditional setting. One example that makes definitions of place and space clear is when banks provide services to customers at branch offices (i. e. , the market place) and when customers use banks’ electronic online services (i. e. , the market space). Sviokla & Rayport, 1995) conclude that “ to succeed in this new economic environment, executives must understand the differences between value creation and extraction in the market place and in the market space: they must manage both effectively and in concert. ” **Background and significance** The World Wide Web was invented in 1989 by Tim Berners-Lee (Barnes-Lee, 2000, para. 1). He started a whole new way of doing things in business. Companies now can use the power of the internet to sell their products. Today thousands of sites can

advertise their goods on websites such as Myspace, Facebook, and such search engines like Google.

Many of these sites offer free advertising, which is even better for the companies because there is no cost involved. Sponsored searches and online advertising are amazing marketing tools with clear advantages for brand building and driving both on- and offline sales. These new tactics that companies are using are and can have a huge impact on their profitability. E-commerce grew rapidly in the last decade in areas such as electronic buying and selling, in electronic markets for various products, and in the use of intelligent agents for commerce, as predicted by (Malone, Yates, & Benjamin, 1987).

But the recent failure of Internet companies has made both researchers and academicians wonder about which business models will lead to sustainable competitive advantage in the digital economy. . Managers of brick-and-mortar companies who now have come to understand the importance of e-business, but are not quite sure how to migrate from their existing business models to a combination of bricks-and-mortar and the Internet.

Weill and Vitale (2001) express concern for the senior managers of “ old economy” companies who have pressure from all sides: from investors, stock market analysts, employees, customers, suppliers and competitors to migrate from market place to market space. Place vs. space When comparing traditional business to e-business, one can see several differences between the two. The most obvious difference when buying standard goods

(such as a toaster, a book, or a new computer) is the store. When dealing with e-business there is no “ real” store or merchandise to look at.

It is all presented through the merchant’s webpage, or by other electronic means. You will not be able to touch, or inspect potential purchases. All you will have to go on is perhaps a picture and a brief description of the item in question. This is obviously a big change from traditional store-based business practices. Why would any self-respecting consumer buy something via e-business if they were unable to touch, or inspect a potential purchase, and there is a real store just down the street? There are several reasons why e-business is appealing to a growing amount of people.

If you are using the Internet, you are not bound by geography. You can access any site, anywhere in the world from the comfort of your computer chair. What does this mean to the consumer? Now the consumer has access to several things they didn’t before. The consumer now has diversity and ease of purchase. How can customers move effortlessly from one to another? First, we must understand why companies are being drawn towards selling their products online. A well implemented web site can significantly lower both order taking costs up front and also customer service after the sale has been made.

For example being located on the Internet means that place does not enter into the marketing mix of an e-commerce company. As its customers will not visit the business, it means having a prominent high street location is no longer of importance. Also when considering mail orders, there is no longer the need to endure the costs of designing, printing and sending out

catalogues. These factors contribute to e-commerce companies being able to offer products at greatly reduced prices as overheads have been minimized.

This has been a “ win-win” for both marketers and consumers. Internet consumers have the opportunity to preview products, conduct price comparison, locate stores or purchase the product online. McCall et al (2005, p. 46) argue that for an “ environment to be responsive its users must feel as if they have the ability to move around and interact with objects in their personal and action spaces. ” They define “ action space” as distance greater than arms length but less than 30 meters (Loomis & Knapp, 2005, cited in McCall et al, 2005, p. 6). If this is true, then shopping the Internet is the perfect medium. It is indeed almost seamless transition for consumers with basic computer skills. Before, the advertiser was in control and trying to persuade the customer to buy a product or service. Now the customer is in control with a plethora of information at their fingertips. Moreover, the internet is a new two-way medium the advertising message is put out there, and the potential customer can comment on it, forward it to ten friends, mock it, improve on it, blog it, etc.

This two-way medium has created a new form of Internet marketing and with it, additional challenges and benefits for marketers Overall, the Web is best conceptualized as a developing marketing channel that transcends national boundaries and encompasses elements of informing, investigating, interacting, distribution, transacting, eliciting feedback, and supporting. In the pre-purchase stage, the Web can be used to investigate (e. g. , conduct market research into consumer attitudes, needs, and wants; monitor

competitors; benchmark other service organizations), for which the flow of information is primarily toward the service provider, and inform (promote, position, advertise, and inform consumers of the service and its options), for which information flows toward the consumer. In the purchase stage, the Web can be used to facilitate transaction, in which the consumer provides information regarding order specifications, payment details, and delivery; interaction, in which the consumer and service provider interact to co create unique customized service packages; and distribution, in which the provider actually distributes the service to the consumer.

Finally, in the post purchase stage, the Web can be used to elicit feedback (the service provider gathers information on options, suggestions, level of satisfaction, potential loyalty, future services, and other pertinent areas), for which information flows from the consumer to the service provider.

Examples of companies who have successfully created the transparency Internet opens a world of opportunities to the organizations as well as customers. It gives customers a much wider choice of products, services and prices from various suppliers.

For organizations, it gives opportunity to widen horizons by entering new markets and offering new services thereby competing with larger business. Yet, comparably speaking few companies have transitioned, evolved or created transparency in their “ place” and “ space” strategies. Exceptions would be Dell Computers and Barnes and Noble, both written about in previous assignments (see appendix). These organizations make online shopping an “ experience” that truly benefits the consumer. Further, we

could argue which drives customers “ place” or “ space” in these companies as they complement each other so well.

Conclusion Emerging technologies have redefined business by erasing the traditional boundaries of time and geography and creating new communities of customers, distributors and suppliers, with new demands for products and services. Most notably, the Internet has redefined how commerce occurs between businesses and consumers and with that, how businesses create, communicate, and deliver value to consumers marketing. With the evolution of the Internet over the past decade, the practice of marketing has changed significantly and will continue to evolve.

Effective multichannel strategy requires integrated brand management that can customize the message for each channel; the messaging must work in isolation and in combination with the brand messages on co-channels.

References Barnes-Lee, T. (2000). Weaving the web The original design and ultimate destiny of the world wide web (1st ed.). New York, NY: Harper Paperbacks. Malone, T. W. , Yates, J. , & Benjamin, R. I. (1987). Electronic markets and electronic hierarchies. Communications of the ACM, 30(6), 484-497. McCall, R. , O'Neill, S. , Carroll, F. Benyon, D. , & Smyth, M. (2005). Responsive environments, place and presence. PsychNology, 3(1), 35-73. Sviokla, J. , & Rayport, J. (1995, Nov/Dec). Exploiting the virtuall value chain. Harvard Business Review, 72(6), 141-151. Weill, P. , & Vitale, M. (2001). Place to space Migrating to e-business models (1st ed.). MA: Harvard Business Press. APPENDIX A Barnes and Noble e-business Barnes and Noble

offers a variety of marketing tools to enhance the online shopping experience and add value to their relationships with their customers.

The search engine on the site allows the customer to define book searches via a variety of methods including using the ISBN number for a known book. This tool is a very useful feature for academics and serious book lovers. This is a feature also offered by Doubleday and Amazon. A nice feature is that many of the search returns provide the customer with the option to buy a used copy of the book, of a slightly damaged copy at a significant discount. While Amazon also offers this service, Doubleday does not. This is a useful promotional tool that coupled with their discount membership offers their customers and excellent value.

A customer value add from the B&N site is the existence of a Barnes and Noble “ University”, where a person can register for a series of web based training programs on a variety of topics from literary studies to musical instrument lessons. This is a value add that promotes further online and in store sales volume while providing a useful service. This service is an edge over Amazon that does not support a similar program. Barnes and Noble also offer a series of “ audio podcasts” on a regular basis with featured authors as the guest speakers. This program comes as a subscription service with Barnes and

Noble downloading a new podcast to their member’s computer each week. This is an excellent feature for the avid reader that wants to learn more about their favorite authors. While not as broad in their product offerings as Amazon, Barnes and Noble offers an interesting online experience, offering a

number of useful services for their customers. Customer service and a help section with answers to frequently asked questions section serve to promote comfort with the shopping and purchasing process The company has been selling direct to consumers for over 25 years, beginning with its mail-order catalogue in the 1970s.

Today, the Barnes & Noble. com Web site serves as the company's largest store, enabling customers to order any book any time from anywhere. With more than one million unique titles, the site's standing inventory is the largest of any bookseller online. Customers also have access through Barnes & Noble. com to millions of used and out-of-print titles from a network of authorized book dealers, as well as a vast selection of music CDs and DVDs.

APPENDIX B Cost-efficient build-to-order manufacturing

Dell builds its computers, workstations, and servers to order; none were produced for inventory. Dell's build-to-order strategy meant that it had no in-house stock of finished goods inventories and that, unlike competitors using the traditional value chain model; it did not have to wait for resellers to clear out their own inventories before it could push new models into the marketplace-resellers typically operated with 30 to 60 days inventory of prebuilt models. Dell customers could order customer-equipped servers and workstations based on the needs of their applications.

The orders were directed to the nearest factory. At all locations, the company had the capability to assemble PCs, workstations, and servers; typical orders were built and delivered in three to five days. Its in-house manufacturing delivered about 6% cost advantage versus outsourcing. This

happened because Dell was not simply carrying component inventory against forecasted sales, but rather was aligning inventory and sales, managing profitability on a daily, weekly and monthly basis.

Second, as inventory disappeared, the company's returns grew disproportionately. Not only did Dell avoid carrying costs and obsolete stock, but it was also saving enormous amounts of money on purchasing components because the component prices were dropping 3 percent per month. Direct sales strategy Dell offered competitive prices, high levels of support, and a focus on selling and supporting PCs without the distraction of offering a full line of hardware and services.

Further, Dell partnered with reputable suppliers of PC parts and components in long-term rather than to integrate backward and get into parts and components manufacturing on its own. Customer service and technical support This strategy includes value-added services, premier pages designed for all kinds of customers, company's website with local language and currencies, on-site service which charges fees to provide technical support and other services. Use of the internet and e-commerce technology Dell was a leader in using the Internet and e-commerce.

Dell is offering its customers its own individual touch on your orders; it has always been Dell's main area of expertise. If customers feel they are getting special treatment from an order, it will make them feel as if they are being personally praised for their order. They are focusing on the fact of being a product lead company, and by cutting out the retail side within shops worldwide they are able to focus more on customer needs Dell listens to

customers and delivers innovative technology and services they trust and value.

Uniquely enabled by its direct business model, Dell sells more systems globally than any computer company, placing it No. 33 on the Fortune 500. Dell's climb to market leadership is the result of a persistent focus on delivering the best possible customer experience by directly selling standards-based computing products and services. Revenue for the last four quarters totaled \$59.4 billion.